

# GDP and the Economy

## Second Estimates for the Fourth Quarter of 2015

REAL GROSS domestic product (GDP) increased 1.0 percent at an annual rate in the fourth quarter of 2015, according to the second estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).<sup>1</sup> The second estimate of real GDP growth was revised up 0.3 percentage points from the advance estimate of 0.7 percent; the upward revision primarily reflected an upward revision to inventory investment and a downward revision to imports that were partly offset by downward revisions to state and local government spending and to consumer spending.<sup>2</sup>

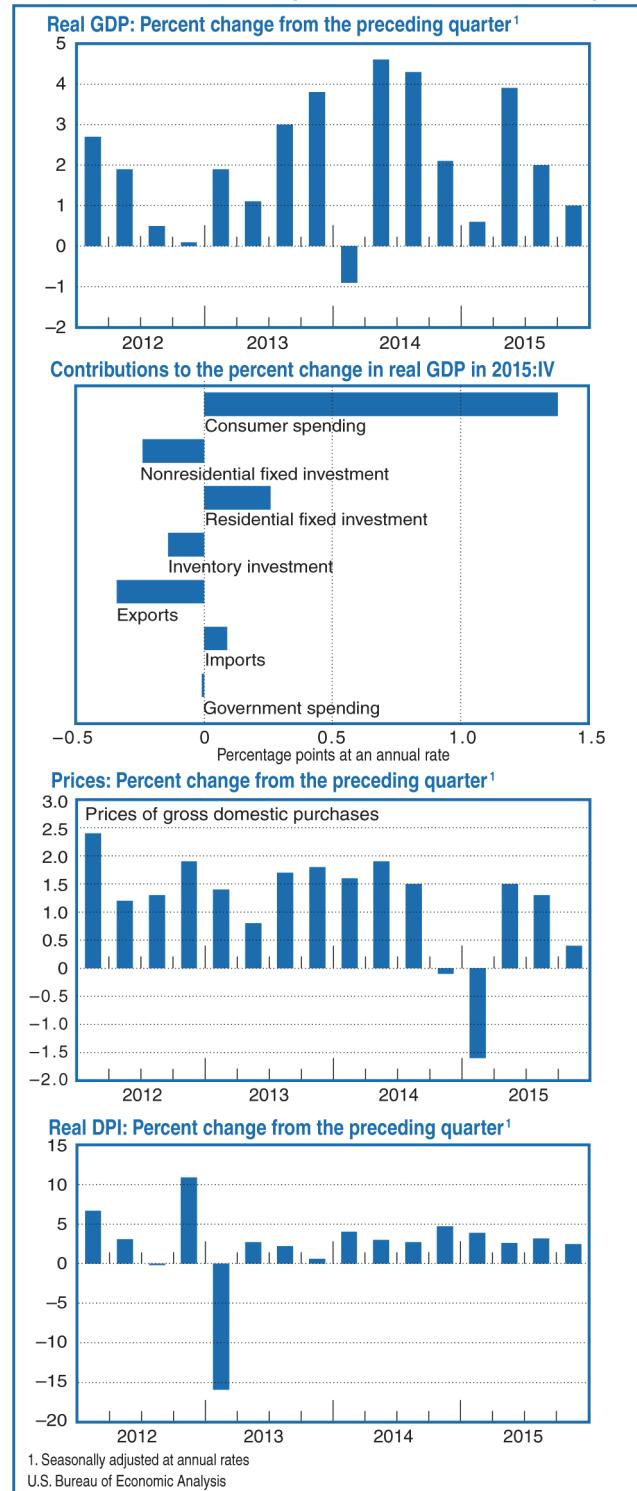
The fourth-quarter increase in real GDP reflected positive contributions from consumer spending, residential fixed investment and federal government spending that were partly offset by negative contributions from exports, nonresidential fixed investment, state and local government spending, and inventory investment. Imports, which are a subtraction in the calculation of GDP, decreased.

- Prices of goods and services purchased by U.S. residents increased 0.4 percent in the fourth quarter after increasing 1.3 percent in the third quarter. Energy prices decreased more in the fourth quarter than in the third quarter, and food prices turned down. Excluding food and energy, prices increased 1.0 percent in the fourth quarter after increasing 1.3 percent in the third quarter (see table 7).
- Real disposable personal income (DPI) increased 2.5 percent in the fourth quarter after increasing 3.2 percent in the third quarter (revised). Current-dollar DPI increased 2.9 percent after increasing 4.5 percent (revised). (See the box “[Revised Third-Quarter 2015 Income Estimates](#)” on page 9.) The differences in the movements in real DPI and current-dollar DPI reflected a slowdown in the implicit price deflator for consumer spending, which is used to deflate DPI.
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 5.1 percent in the fourth quarter; in the third quarter, the rate was 5.0 percent (revised).

1.“Real” estimates are in chained (2009) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, second, and third) incorporates increasingly comprehensive and improved source data; for more information, see “[The Revisions to GDP, GDI, and Their Major Components](#)” in the August 2014 SURVEY OF CURRENT BUSINESS. Quarterly estimates are expressed at seasonally adjusted annual rates, which reflect a rate of activity for a quarter as if it were maintained for a year.

2. In this article, “consumer spending” refers to “personal consumption expenditures,” “inventory investment” refers to “change in private inventories,” and “government spending” refers to “government consumption expenditures and gross investment.”

**Chart 1. GDP, Prices, Disposable Personal Income (DPI)**



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## Real GDP Overview

**Table 1. Real Gross Domestic Product (GDP) and Related Measures**  
 [Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2015				2015			
		IV	I	II	III	IV	I	II	III
<b>Gross domestic product<sup>1</sup> ...</b>	<b>100.0</b>	<b>0.6</b>	<b>3.9</b>	<b>2.0</b>	<b>1.0</b>	<b>0.6</b>	<b>3.9</b>	<b>2.0</b>	<b>1.0</b>
Personal consumption expenditures .....	68.5	1.8	3.6	3.0	2.0	1.19	2.42	2.04	1.38
Goods.....	22.1	1.1	5.5	5.0	1.9	0.25	1.20	1.08	0.42
Durable goods.....	7.4	2.0	8.0	6.6	3.4	0.14	0.57	0.47	0.25
Nondurable goods.....	14.7	0.7	4.3	4.2	1.2	0.10	0.62	0.61	0.17
Services .....	46.4	2.1	2.7	2.1	2.1	0.94	1.23	0.96	0.96
Gross private domestic investment .....	16.7	8.6	5.0	-0.7	-0.7	1.39	0.85	-0.11	-0.12
Fixed investment .....	16.2	3.3	5.2	3.7	0.1	0.52	0.83	0.60	0.02
Nonresidential.....	12.7	1.6	4.1	2.6	-1.9	0.20	0.53	0.33	-0.24
Structures.....	2.7	-7.4	6.2	-7.2	-6.6	-0.22	0.18	-0.21	-0.18
Equipment.....	6.0	2.3	0.3	9.9	-1.8	0.14	0.03	0.57	-0.11
Intellectual property products.....	4.1	7.4	8.3	-0.8	1.3	0.29	0.33	-0.03	0.05
Residential .....	3.5	10.1	9.3	8.2	8.0	0.32	0.30	0.27	0.26
Change in private inventories	0.5	.....	.....	.....	.....	0.87	0.02	-0.71	-0.14
Net exports of goods and services .....	-2.9	.....	.....	.....	.....	-1.92	0.18	-0.26	-0.25
Exports.....	12.2	-6.0	5.1	0.7	-2.7	-0.81	0.64	0.09	-0.34
Goods .....	8.0	-11.7	6.5	-0.9	-5.8	-1.10	0.55	-0.07	-0.49
Services .....	4.2	7.3	2.3	3.9	3.7	0.30	0.10	0.16	0.15
Imports .....	15.1	7.1	3.0	2.3	-0.6	-1.12	-0.46	-0.35	0.09
Goods .....	12.3	7.2	3.2	1.4	-1.2	-0.93	-0.41	-0.18	0.15
Services .....	2.8	6.7	2.0	6.4	2.4	-0.18	-0.05	-0.17	-0.07
Government consumption expenditures and gross investment .....	17.6	-0.1	2.6	1.8	-0.1	-0.01	0.46	0.32	-0.01
Federal .....	6.8	1.1	0.0	0.2	2.2	0.08	0.00	0.02	0.15
National defense .....	4.1	1.0	0.3	-1.4	2.7	0.04	0.01	-0.06	0.11
Nondefense.....	2.7	1.2	-0.5	2.8	1.5	0.03	-0.01	0.08	0.04
State and local.....	10.8	-0.8	4.3	2.8	-1.4	-0.09	0.46	0.30	-0.16
<b>Addenda:</b>									
Gross domestic income (GDI) <sup>2</sup> .....	.....	0.4	2.2	2.0	.....	.....	.....	.....	.....
Average of GDP and GDI.....	.....	0.5	3.0	2.0	.....	.....	.....	.....	.....
Final sales of domestic product	99.5	-0.2	3.9	2.7	1.2	-0.23	3.90	2.70	1.14
Goods .....	30.3	-1.8	5.9	2.2	-0.1	-0.57	1.79	0.67	-0.04
Services .....	62.0	2.1	2.0	1.8	1.8	1.28	1.24	1.12	1.13
Structures .....	7.7	-0.9	12.2	2.5	-1.2	-0.07	0.90	0.19	-0.09
Motor vehicle output.....	2.9	1.4	14.5	19.2	-21.9	0.04	0.40	0.53	-0.74
GDP excluding motor vehicle output .....	97.1	0.6	3.6	1.5	1.8	0.60	3.52	1.45	1.74
Final sales of computers .....	0.4	29.8	41.5	5.0	10.3	0.10	0.13	0.02	0.04
GDP excluding final sales of computers .....	99.6	0.5	3.8	2.0	1.0	0.55	3.78	1.96	0.97
Research and development (R&D) .....	2.6	5.2	9.7	-0.7	1.9	0.13	0.25	-0.02	0.05
GDP excluding R&D .....	97.4	0.5	3.8	2.1	1.0	0.51	3.67	2.00	0.96

1. The estimates of GDP under the contribution columns are also percent changes.

2. GDI is deflated by the implicit price deflator for GDP. The third-quarter change in GDI reflects the incorporation of revised wage and salary estimates.

NOTE. Percent changes are from NIPA tables 1.1.1 and 1.2.1, contributions to percent change are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10, or they are calculated from table 1.2.5. For GDI, percent changes are from NIPA table 1.7.1.

Real GDP slowed in the fourth quarter. The slowdown primarily reflected a slowdown in consumer spending and downturns in nonresidential fixed investment, in state and local government spending, and in exports that were partly offset by a smaller decrease in inventory investment, a downturn in imports, and a pickup in federal government spending.

The slowdown in consumer spending reflected a slowdown in spending for goods; services increased at the same rate in the fourth quarter as in the third quarter.

The main contributors to the slowdown in spending for goods were a downturn in motor vehicles and parts (primarily new motor vehicles) and a slowdown in “other” nondurable goods (mainly recreational items).

The downturn in nonresidential fixed investment reflected a downturn in equipment (notably, a downturn in transportation equipment and a slowdown in information processing equipment) that was partly offset by an upturn in intellectual property products and by a smaller decrease in structures.

The smaller decrease in inventory investment reflected a smaller decrease in nonfarm inventory investment that was partly offset by a downturn in farm inventory investment.

The downturn in exports primarily reflected a larger decrease in goods exports.

The downturn in imports reflected a downturn in goods imports and a slowdown in services imports.

The pickup in federal spending primarily reflected an upturn in national defense spending.

The downturn in state and local government spending reflected a downturn in gross investment in structures and a slowdown in consumption expenditures.

In the third quarter of 2015, real gross domestic income, which measures the output of the economy as the incomes earned and the costs incurred in production, increased 2.0 percent (revised down 0.7 percentage point from the advance estimate) after increasing 2.2 percent in the second quarter. (The fourth-quarter estimate will be available with the release of the third estimate of GDP when the source data become available.)

## Consumer Spending

**Table 2. Real Personal Consumption Expenditures (PCE)**

[Seasonally adjusted at annual rates]

	Share of current-dollar PCE (percent)	Change from preceding period (percent)				Contribution to percent change in real PCE (percentage points)			
		2015				2015			
		IV	I	II	III	IV	I	II	III
PCE <sup>1</sup> .....	100.0	1.8	3.6	3.0	2.0	1.8	3.6	3.0	2.0
Goods .....	32.3	1.1	5.5	5.0	1.9	0.37	1.76	1.59	0.62
Durable goods .....	10.8	2.0	8.0	6.6	3.4	0.21	0.84	0.70	0.37
Motor vehicles and parts ....	3.7	-3.5	9.7	3.0	-6.5	-0.13	0.35	0.11	-0.25
Furnishings and durable household equipment ....	3.1	5.2	4.5	8.7	5.0	0.12	0.11	0.21	0.12
Recreational goods and vehicles.....	3.1	6.3	8.5	10.2	13.2	0.18	0.25	0.30	0.38
Other durable goods .....	1.6	2.2	8.5	5.0	7.3	0.04	0.14	0.08	0.12
Nondurable goods .....	21.5	0.7	4.3	4.2	1.2	0.15	0.92	0.90	0.25
Food and beverages purchased for off-premises consumption....	7.2	-0.8	2.7	0.3	-0.5	-0.06	0.20	0.02	-0.03
Clothing and footwear.....	3.0	-1.1	6.6	1.3	-0.2	-0.03	0.20	0.04	-0.01
Gasoline and other energy goods .....	2.4	5.9	-0.5	5.2	-2.8	0.16	-0.01	0.13	-0.07
Other nondurable goods....	8.8	1.0	6.2	8.3	4.2	0.09	0.53	0.70	0.36
Services .....	67.7	2.1	2.7	2.1	2.1	1.38	1.81	1.43	1.42
Household consumption expenditures .....	64.9	2.5	2.7	1.6	1.9	1.60	1.77	1.06	1.22
Housing and utilities .....	18.0	3.5	-0.8	0.8	-1.4	0.63	-0.14	0.15	-0.26
Health care .....	16.9	4.6	3.0	3.6	3.6	0.76	0.50	0.60	0.60
Transportation services .....	3.1	3.3	7.1	3.7	2.1	0.10	0.21	0.11	0.06
Recreation services .....	3.9	-2.0	2.3	0.1	5.1	-0.08	0.09	0.01	0.19
Food services and accommodations.....	6.7	2.7	7.2	1.8	4.4	0.17	0.46	0.12	0.29
Financial services and insurance .....	7.5	0.0	2.2	-1.0	1.8	0.00	0.18	-0.06	0.14
Other services .....	9.0	0.1	5.2	1.6	2.3	0.01	0.46	0.14	0.20
Final consumption expenditures of NPISHs <sup>2</sup> .....	2.8	-7.6	1.6	14.3	7.1	-0.21	0.05	0.37	0.19
Gross output of NPISHs <sup>3</sup> .....	10.9	0.7	0.7	1.5	4.2	0.07	0.07	0.17	0.45
Less: Receipts from sales of goods and services by NPISHs <sup>4</sup> .....	8.1	3.6	0.3	-2.4	3.2	0.29	0.03	-0.20	0.26

NPISHs Nonprofit institutions serving households

1. The estimates under the contribution columns are also percent changes.

2. Gross operating expenses less primary sales to households.

3. Net of unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; excludes own-account investment (construction and software).

4. Excludes unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; includes membership dues and fees.

NOTE. Percent changes are from NIPA table 2.3.1, contributions are from NIPA table 2.3.2, and shares are calculated from NIPA table 2.3.5.

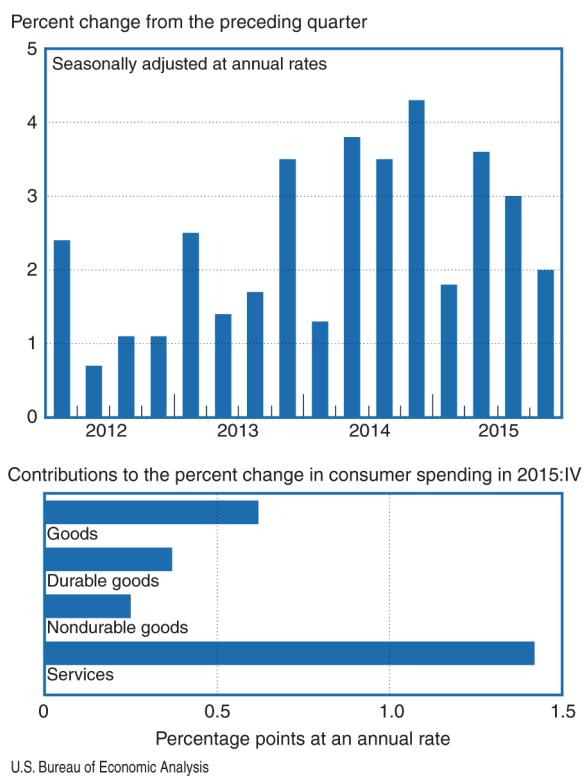
Consumer spending slowed in the fourth quarter, reflecting a slowdown in spending for goods; spending for services increased at the same rate in the fourth quarter as in the third quarter.

The slowdown in spending for goods reflected slowdowns in spending for both durable goods and nondurable goods.

The largest contributor to the slowdown in spending for durable goods was a downturn in spending for motor vehicles and parts.

The slowdown in spending for nondurable goods primarily reflected a slowdown in "other" nondurable goods (mainly recreational items) and a downturn in spending for gasoline and other energy goods.

Within services, a downturn in housing and utilities (specifically electricity and gas) and a slowdown in transportation services were offset by an upturn in financial services and insurance and pickups in recreation services, in food services and accommodations, and in "other" services.

**Chart 2. Real Personal Consumption Expenditures**

## Private Fixed Investment

**Table 3. Real Private Fixed Investment (PFI)**

[Seasonally adjusted at annual rates]

	Share of current-dollar PFI (percent)	Change from preceding period (percent)				Contribution to percent change in real PFI (percentage points)			
		2015				2015			
		IV	I	II	III	IV	I	II	III
<b>Private fixed investment<sup>1</sup></b>	<b>100.0</b>	<b>3.3</b>	<b>5.2</b>	<b>3.7</b>	<b>0.1</b>	<b>3.3</b>	<b>5.2</b>	<b>3.7</b>	<b>0.1</b>
Nonresidential.....	78.6	1.6	4.1	2.6	-1.9	1.29	3.29	2.09	-1.51
<b>Structures</b> .....	<b>16.6</b>	<b>-7.4</b>	<b>6.2</b>	<b>-7.2</b>	<b>-6.6</b>	<b>-1.36</b>	<b>1.09</b>	<b>-1.27</b>	<b>-1.14</b>
Commercial and health care .....	5.1	-4.9	31.1	-0.7	0.1	-0.24	1.36	-0.03	0.00
Manufacturing .....	3.0	94.8	64.4	6.1	0.4	1.63	1.41	0.18	0.01
Power and communication .....	3.3	15.3	41.8	2.8	0.8	0.43	1.13	0.09	0.03
Mining exploration, shafts, and wells.....	2.2	-44.5	-68.0	-47.0	-39.4	-2.75	-4.13	-1.78	-1.19
Other structures <sup>2</sup> .....	3.0	-14.8	60.3	9.6	0.4	-0.43	1.33	0.27	0.01
<b>Equipment</b> .....	<b>36.9</b>	<b>2.3</b>	<b>0.3</b>	<b>9.9</b>	<b>-1.8</b>	<b>0.87</b>	<b>0.17</b>	<b>3.55</b>	<b>-0.68</b>
Information processing equipment .....	11.3	-3.9	-4.4	27.3	2.9	-0.44	-0.49	2.68	0.32
Computers and peripheral equipment .....	2.5	-20.3	27.2	19.7	-30.2	-0.62	0.65	0.50	-0.96
Other <sup>3</sup> .....	8.7	2.1	-12.9	29.9	16.1	0.18	-1.14	2.18	1.29
Industrial equipment .....	8.2	-1.5	22.4	-3.5	11.5	-0.11	1.63	-0.28	0.88
Transportation equipment .....	10.1	11.5	-4.1	19.0	-10.1	1.11	-0.42	1.80	-1.08
Other equipment <sup>4</sup> .....	7.4	3.9	-6.9	-8.0	-10.2	0.31	-0.57	-0.64	-0.80
<b>Intellectual property products</b> .....	<b>25.1</b>	<b>7.4</b>	<b>8.3</b>	<b>-0.8</b>	<b>1.3</b>	<b>1.78</b>	<b>2.03</b>	<b>-0.19</b>	<b>0.31</b>
Software <sup>5</sup> .....	11.2	9.1	6.0	-1.0	1.5	0.99	0.66	-0.11	0.17
Research and development <sup>6</sup> .....	11.0	6.9	12.5	-1.8	1.6	0.73	1.32	-0.20	0.18
Entertainment, literary, and artistic originals .....	2.8	2.2	2.0	4.5	-1.2	0.06	0.06	0.13	-0.03
Residential.....	21.4	10.1	9.3	8.2	8.0	1.97	1.86	1.65	1.63
<b>Structures</b> .....	<b>21.1</b>	<b>10.2</b>	<b>9.4</b>	<b>8.2</b>	<b>8.1</b>	<b>1.95</b>	<b>1.84</b>	<b>1.63</b>	<b>1.62</b>
Permanent site.....	9.6	8.9	9.7	17.1	9.5	0.77	0.85	1.47	0.86
Single family .....	7.8	8.8	4.8	12.9	14.4	0.62	0.35	0.91	1.03
Multifamily .....	1.8	9.8	33.5	35.9	-8.5	0.15	0.50	0.56	-0.16
Other structures <sup>7</sup> .....	11.5	11.2	9.2	1.4	6.9	1.18	1.00	0.16	0.75
Equipment.....	<b>0.3</b>	<b>5.8</b>	<b>4.6</b>	<b>5.6</b>	<b>2.3</b>	<b>0.02</b>	<b>0.01</b>	<b>0.02</b>	<b>0.01</b>

1. The estimates under the contribution columns are also percent changes.

2. Consists primarily of religious, educational, vocational, lodging, railroads, farm, and amusement and recreational structures, net purchases of used structures, and brokers' commissions on the sale of structures.

3. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.

4. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.

5. Excludes software "embedded," or bundled, in computers and other equipment.

6. Excludes expenditures for software development, which are included in expenditures for software investment.

7. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions and other ownership transfer costs.

Note. Percent changes are from NIPA table 5.3.1, contributions are from NIPA table 5.3.2, and shares are calculated from NIPA table 5.3.5.

Private fixed investment slowed in the fourth quarter, primarily reflecting a downturn in nonresidential fixed investment; the slowdown also reflected a slight slowdown in residential fixed investment.

The downturn in nonresidential fixed investment reflected a downturn in equipment that was partly offset by an upturn in intellectual property products and a smaller decrease in structures.

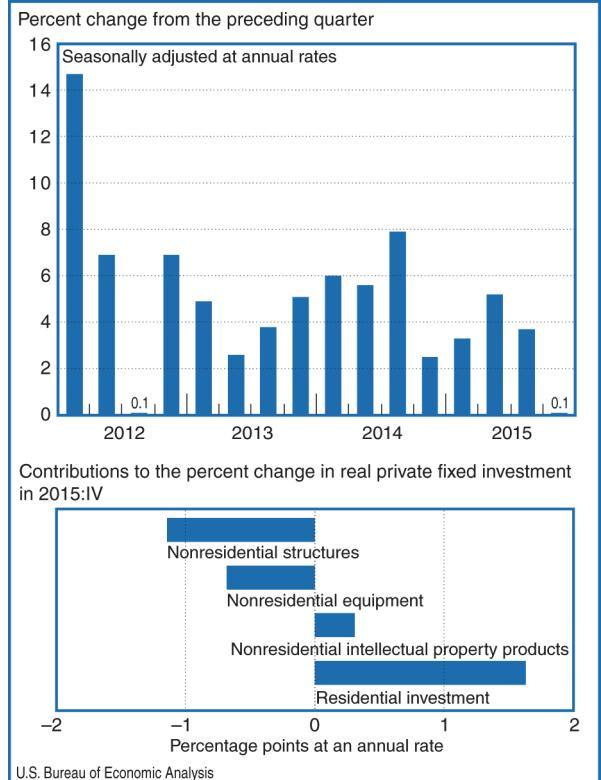
The smaller decrease in structures primarily reflected a smaller decrease in mining exploration, shafts, and wells that was partly offset by slowdowns in "other" structures and in manufacturing.

The downturn in equipment primarily reflected a downturn in transportation equipment and a slowdown in information processing equipment that were partly offset by an upturn in industrial equipment.

The upturn in investment in intellectual property products reflected upturns in investment in research and development (primarily in manufacturing) and in software that were partly offset by a downturn in investment in entertainment, literary, and artistic originals.

The slight slowdown in residential fixed investment reflected slowdowns both in structures and in equipment.

### Chart 3. Real Private Fixed Investment



## Inventory Investment

**Table 4. Change in Real Private Inventories by Industry**

[Billions of chained (2009) dollars; seasonally adjusted at annual rates]

	Level					Change from preceding quarter			
	2014		2015			2015			
	IV	I	II	III	IV	I	II	III	IV
<b>Change in private inventories<sup>1</sup></b>	<b>78.2</b>	<b>112.8</b>	<b>113.5</b>	<b>85.5</b>	<b>81.7</b>	<b>34.6</b>	<b>0.7</b>	<b>-28.0</b>	<b>-3.8</b>
Farm.....	4.2	7.0	4.1	6.6	3.9	2.8	-2.8	2.4	-2.7
Mining, utilities, and construction....	5.6	5.4	8.0	2.1	9.9	-0.2	2.6	-6.0	7.8
Manufacturing.....	10.1	20.6	30.2	1.4	18.6	10.4	9.7	-28.9	17.3
Durable-goods industries .....	23.8	19.1	17.7	-0.1	10.4	-4.7	-1.4	-17.9	10.5
Nondurable-goods industries .....	-12.0	1.9	12.6	1.5	8.3	14.0	10.7	-11.2	6.9
Wholesale trade.....	37.4	48.7	40.1	22.2	14.8	11.2	-8.5	-18.0	-7.3
Durable-goods industries .....	12.4	29.8	16.1	0.9	4.4	17.4	-13.7	-15.2	3.5
Nondurable-goods industries .....	23.9	19.2	23.5	20.2	10.1	-4.7	4.3	-3.3	-10.1
Retail trade.....	12.6	21.0	31.4	46.4	26.5	8.3	10.4	15.1	-19.9
Motor vehicle and parts dealers	3.7	4.5	13.1	26.8	11.4	0.8	8.6	13.7	-15.4
Food and beverage stores.....	1.0	2.8	-0.3	1.5	0.0	1.8	-3.1	1.7	-1.4
General merchandise stores .....	-0.9	0.3	8.9	0.8	1.4	1.2	8.6	-8.1	0.6
Other retail stores.....	8.9	13.3	9.8	17.7	13.9	4.4	-3.5	7.9	-3.7
Other industries.....	8.9	11.2	1.3	7.6	9.4	2.3	-9.9	6.3	1.7
Residual <sup>2</sup> .....	-1.3	-1.8	-1.6	0.0	-1.5	-0.5	0.2	1.6	-1.5
<b>Addenda: Ratios of private inventories to final sales of domestic business:<sup>3</sup></b>									
Private inventories to final sales	2.32	2.35	2.35	2.36	2.37	.....	.....	.....	.....
Nonfarm inventories to final sales.....	2.14	2.18	2.18	2.18	2.20	.....	.....	.....	.....
Nonfarm inventories to final sales of goods and structures	3.81	3.90	3.88	3.88	3.92	.....	.....	.....	.....

1. The levels are from NIPA table 5.7.6B.

2. The residual is the difference between the first line and the sum of the most detailed lines.

3. The ratios are from NIPA table 5.8.6B.

NOTE. The chained-dollar series are calculated as the period-to-period change in end-of-period inventories. Quarterly changes are stated at annual rates. Because the formula for the chain-type quantity indexes uses weights of more than one period, chained-dollar estimates are usually not additive.

Real inventory investment decreased \$3.8 billion in the fourth quarter after decreasing \$28.0 billion in the third quarter. The smaller decrease reflected a smaller decrease in nonfarm inventory investment that was partly offset by a downturn in farm inventory investment.

Farm inventory investment decreased \$2.7 billion in the fourth quarter after increasing \$2.4 billion in the third quarter, primarily reflecting downturns in livestock and in crops.

Mining, utilities, and construction increased \$7.8 billion after decreasing \$6.0 billion.

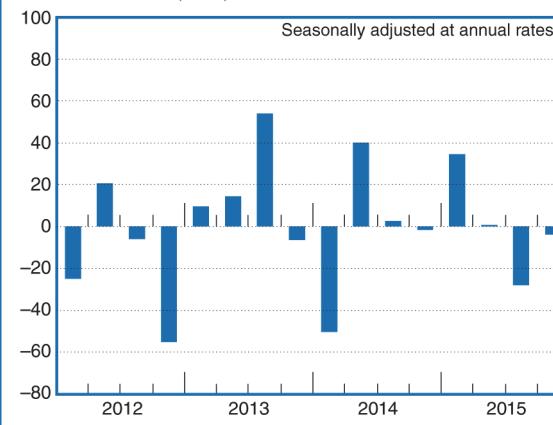
Manufacturing industries increased \$17.3 billion after decreasing \$28.9 billion, reflecting upturns in both durable-goods industries and in nondurable-goods industries.

Wholesale trade decreased \$7.3 billion after decreasing \$18.0 billion, reflecting an upturn in durable-goods industries that was partly offset by a larger decrease in nondurable-goods industries.

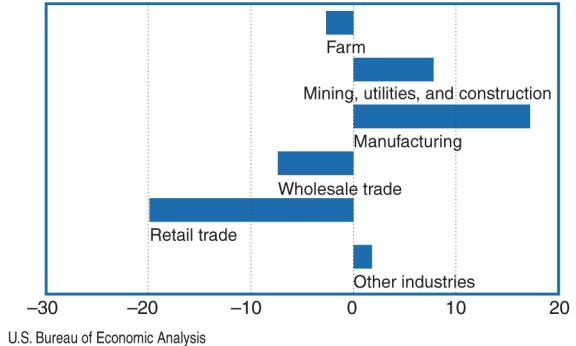
Retail trade industries decreased \$19.9 billion after increasing \$15.1 billion, primarily reflecting a downturn in motor vehicles and parts dealers.

**Chart 4. Real Private Inventory Investment**

Change from the preceding quarter  
Billions of chained (2009) dollars



Composition of change in inventory investment in 2015:IV



### Inventory Investment

The change in real private inventories, often called real private inventory investment, represents the change in the physical stock of goods held by businesses. It includes finished goods, goods at various stages of production, and raw materials.

The change in private inventories is a key component of gross domestic product (GDP), which measures output derived from current production. To include the value of currently produced goods that are not yet sold and to exclude the value of goods produced in previous periods, the change in private inventories must be included in the GDP calculation.

Thus, GDP can also be seen as the sum of final sales of domestic product and the change in private inventories (table 2).

For most industries, the estimates of change in private inventories are prepared by revaluing book-value estimates of inventories from the Census Bureau to a replacement-cost basis and calculating the change over a quarter or a year. BEA provides estimates for incomplete industry data.

## Exports and Imports

**Table 5. Real Exports and Imports of Goods and Services**

[Seasonally adjusted at annual rates]

	Share of current-dollar exports and imports (percent)	Change from preceding period (percent)				Contribution to percent change in real exports and imports (percentage points)			
		2015				2015			
		IV	I	II	III	IV	I	II	III
Exports of goods and services <sup>1</sup> .....	100.0	-6.0	5.1	0.7	-2.7	-6.0	5.1	0.7	-2.7
Exports of goods <sup>2</sup> .....	65.8	-11.7	6.5	-0.9	-5.8	-8.26	4.34	-0.58	-3.93
Foods, feeds, and beverages	5.5	-20.4	15.7	2.3	-11.2	-1.32	0.85	0.13	-0.65
Industrial supplies and materials	17.5	-6.6	6.5	-3.4	-7.9	-1.32	1.23	-0.66	-1.48
Capital goods, except automotive	24.0	-13.4	3.7	-5.5	-2.8	-3.40	0.89	-1.34	-0.66
Automotive vehicles, engines, and parts	6.9	-29.1	10.2	13.1	-9.6	-2.27	0.65	0.84	-0.69
Consumer goods, except food and automotive	8.9	8.8	-12.3	3.4	3.0	0.74	-1.14	0.29	0.26
Other	3.1	-21.5	83.9	5.5	-20.1	-0.69	1.86	0.17	-0.70
Exports of services <sup>2</sup> .....	34.2	7.3	2.3	3.9	3.7	2.27	0.76	1.25	1.23
Imports of goods and services <sup>1</sup> .....	100.0	7.1	3.0	2.3	-0.6	7.10	3.00	2.30	-0.60
Imports of goods <sup>2</sup> .....	81.5	7.2	3.2	1.4	-1.2	5.97	2.66	1.17	-0.99
Foods, feeds, and beverages	4.6	12.0	11.0	-6.0	1.1	0.53	0.49	-0.29	0.05
Industrial supplies and materials	15.9	2.4	-6.7	3.3	-3.2	0.53	-1.26	0.57	-0.53
Capital goods, except automotive	21.8	1.5	2.7	-5.0	0.5	0.36	0.59	-1.10	0.11
Automotive vehicles, engines, and parts	12.9	4.5	23.9	2.5	-0.5	0.54	2.64	0.31	-0.07
Consumer goods, except food and automotive	21.8	14.5	3.6	8.3	-6.2	2.84	0.76	1.72	-1.39
Other	4.4	32.4	-12.3	-1.0	21.6	1.18	-0.56	-0.04	0.84
Imports of services <sup>2</sup> .....	18.5	6.7	2.0	6.4	2.4	1.16	0.35	1.12	0.43
<b>Addenda:</b>									
Exports of agricultural goods <sup>3</sup>	5.8	-10.8	4.9	-0.9	-4.5	.....	.....	.....	.....
Exports of nonagricultural goods	60.0	7.6	3.9	1.0	-1.2	.....	.....	.....	.....
Imports of nonpetroleum goods	75.5	0.0	0.0	0.0	0.0	.....	.....	.....	.....

1. The estimates under the contribution columns are also percent changes.

2. Exports and imports of certain goods, primarily military equipment purchased and sold by the federal government, are included in services.

3. Includes parts of foods, feeds, and beverages, of nondurable industrial supplies and materials, and of nondurable nonautomotive consumer goods.

NOTE. Percent changes are from NIPA table 4.2.1, contributions are from NIPA table 4.2.2, and shares are calculated from NIPA table 4.2.5.

Exports of goods and services turned down in the fourth quarter. The downturn reflected a larger decrease in goods exports and a slight slowdown in services exports.

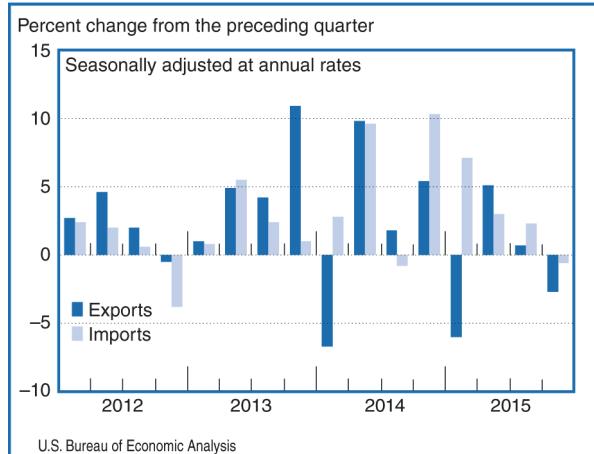
The larger decrease in goods exports primarily reflected downturns in automotive vehicles, engines, and parts and in “other” exports of goods, a larger decrease in industrial supplies and materials (notably tobacco), and a downturn in foods, feeds, and beverages that were partly offset by a smaller decrease in nonautomotive capital goods.

The leading contributors to the slowdown in exports of services were downturns in government goods and services not elsewhere classified and travel.

Imports of goods and services turned down in the fourth quarter. The downturn reflected a downturn in imports of goods and a slowdown in imports of services.

The downturn in goods imports primarily reflected downturns in nonfood, nonautomotive consumer goods and in industrial supplies and materials that were partly offset by upturns in nonautomotive capital goods and “other” imported goods.

The slowdown in services imports primarily reflected slowdowns in travel services and in transport services.

**Chart 5. Real Exports and Imports of Goods and Services**

## Government Spending

**Table 6. Real Government Consumption Expenditures and Gross Investment (CEGI)**  
 [Seasonally adjusted at annual rates]

	Share of current-dollar CEGI (percent)	Change from preceding period (percent)				Contribution to percent change in real CEGI (percentage points)			
		2015				2015			
		IV	I	II	III	IV	I	II	III
<b>Government consumption expenditures and gross investment</b> .....	<b>100.0</b>	<b>-0.1</b>	<b>2.6</b>	<b>1.8</b>	<b>-0.1</b>	<b>-0.1</b>	<b>2.6</b>	<b>1.8</b>	<b>-0.1</b>
Consumption expenditures.....	80.7	1.6	-0.2	1.3	0.6	1.27	-0.17	1.02	0.49
Gross investment.....	19.3	-6.8	15.5	4.1	-2.8	-1.34	2.78	0.79	-0.54
<b>Federal</b> .....	<b>38.6</b>	<b>1.1</b>	<b>0.0</b>	<b>0.2</b>	<b>2.2</b>	<b>0.42</b>	<b>0.01</b>	<b>0.10</b>	<b>0.84</b>
<b>National defense</b> .....	<b>23.3</b>	<b>1.0</b>	<b>0.3</b>	<b>-1.4</b>	<b>2.7</b>	<b>0.24</b>	<b>0.08</b>	<b>-0.32</b>	<b>0.62</b>
Consumption expenditures.....	18.7	4.1	-1.0	-0.5	1.1	0.75	-0.18	-0.10	0.21
Gross investment.....	4.6	-10.5	5.6	-4.9	9.5	-0.51	0.26	-0.23	0.41
<b>Nondefense</b> .....	<b>15.3</b>	<b>1.2</b>	<b>-0.5</b>	<b>2.8</b>	<b>1.5</b>	<b>0.18</b>	<b>-0.07</b>	<b>0.42</b>	<b>0.22</b>
Consumption expenditures.....	11.5	1.8	-1.8	3.1	0.9	0.21	-0.21	0.35	0.11
Gross investment.....	3.8	-0.6	3.9	1.9	3.0	-0.02	0.15	0.07	0.11
<b>State and local</b> .....	<b>61.4</b>	<b>-0.8</b>	<b>4.3</b>	<b>2.8</b>	<b>-1.4</b>	<b>-0.48</b>	<b>2.60</b>	<b>1.71</b>	<b>-0.90</b>
Consumption expenditures....	50.5	0.6	0.4	1.5	0.3	0.32	0.22	0.77	0.17
Gross investment.....	10.9	-7.3	24.5	8.8	-9.2	-0.80	2.38	0.94	-1.07

1. The estimates under the contribution columns are also percent changes.

NOTE. Percent changes are from NIPA table 3.9.1, contributions are from NIPA table 3.9.2, and shares are calculated from NIPA table 3.9.5.

Government spending turned down in the fourth quarter, reflecting a downturn in state and local government spending and a slowdown in federal nondefense spending that were partly offset by an upturn in federal defense spending.

The upturn in federal defense spending reflected upturns in investment spending (mainly on equipment) and in consumption expenditures (mainly intermediate goods and services purchased).

The slowdown in nondefense spending reflected a slowdown in consumption expenditures that was partly offset by a pickup in spending on gross investment.

The downturn in state and local government spending reflected a downturn in gross investment (mainly in structures) and a slowdown in consumption expenditures.

### Government Spending

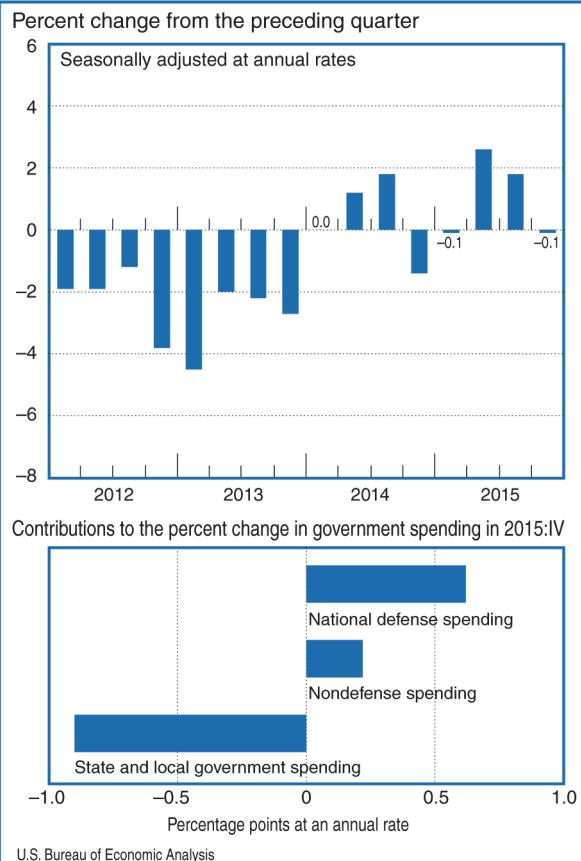
“Government consumption expenditures and gross investment,” or “government spending,” consists of two components: (1) consumption expenditures by federal government and by state and local governments and (2) gross investment by government and government-owned enterprises.

Government consumption expenditures consists of the goods and services that are produced by general government (less any sales to other sectors and investment goods produced by government itself). Governments generally provide services to the general public without charge. The value of government production—that is, government’s gross output—is measured as spending for labor and for intermediate goods and services and a charge for consumption of fixed capital (which represents a partial measure of the services provided by government-owned fixed capital).

Gross investment consists of new and used structures (such as highways and dams), of equipment, and of intellectual property products purchased or produced by government and government-owned enterprises.

Government consumption expenditures and gross investment excludes current transactions of government-owned enterprises, current transfer payments, interest payments, subsidies, and transactions in financial assets and nonproduced assets, such as land.

**Chart 6. Real Government Consumption Expenditures and Gross Investment**



## Prices

**Table 7. Prices for Gross Domestic Purchases**

[Percent change at annual rates; based on seasonally adjusted index numbers (2009=100)]

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2015				2015			
	I	II	III	IV	I	II	III	IV
<b>Gross domestic purchases<sup>1</sup></b>	-1.6	1.5	1.3	0.4	-1.6	1.5	1.3	0.4
<b>Personal consumption expenditures</b>	-1.9	2.2	1.3	0.4	-1.27	1.46	0.85	0.26
Goods	-8.7	2.5	-0.3	-2.8	-1.96	0.53	-0.05	-0.61
Durable goods	-2.4	-0.2	-2.4	-1.3	-0.18	-0.02	-0.17	-0.10
Nondurable goods	-11.6	3.8	0.8	-3.5	-1.79	0.54	0.12	-0.51
Services	1.6	2.1	2.0	1.9	0.69	0.93	0.91	0.86
<b>Gross private domestic investment</b>	-0.4	-1.0	1.5	0.6	-0.06	-0.16	0.25	0.10
Fixed investment	-0.4	-1.0	1.5	0.8	-0.07	-0.15	0.23	0.12
Nonresidential	-0.4	-1.0	1.2	0.6	-0.05	-0.12	0.14	0.07
Structures	-2.3	-2.4	1.3	-0.1	-0.07	-0.07	0.03	0.00
Equipment	1.0	0.0	0.3	0.0	0.06	0.00	0.02	0.00
Intellectual property products	-1.1	-1.5	2.3	1.9	-0.04	-0.06	0.09	0.07
Residential	-0.4	-0.8	2.6	1.6	-0.01	-0.03	0.09	0.05
Change in private inventories	.....	.....	.....	.....	0.01	-0.01	0.02	-0.02
<b>Government consumption expenditures and gross investment</b>	-1.6	1.2	0.9	0.2	-0.27	0.20	0.16	0.04
Federal	0.1	0.8	0.9	1.4	0.01	0.06	0.06	0.09
National defense	-0.6	0.3	0.4	1.4	-0.02	0.01	0.02	0.05
Nonddefense	1.1	1.6	1.8	1.4	0.03	0.04	0.05	0.04
State and local	-2.6	1.4	1.0	-0.5	-0.28	0.15	0.10	-0.05
<b>Addenda:</b>								
Gross domestic purchases:								
Food	-0.6	-1.2	2.1	-0.3	-0.03	-0.06	0.10	-0.02
Energy goods and services	-43.9	15.1	-1.2	-17.0	-1.78	0.42	-0.04	-0.53
Excluding food and energy	0.2	1.2	1.3	1.0	0.21	1.14	1.20	0.94
Personal consumption expenditures (PCE):								
Food and beverages purchased for off-premises consumption	-0.2	-1.1	2.2	0.0	.....	.....	.....	.....
Energy goods and services	-44.5	15.1	-1.9	-17.2	.....	.....	.....	.....
Excluding food and energy	1.0	1.9	1.4	1.3	.....	.....	.....	.....
Gross domestic product (GDP)	0.1	2.1	1.3	0.9	.....	.....	.....	.....
Exports of goods and services	-9.4	-1.0	-4.1	-5.4	.....	.....	.....	.....
Imports of goods and services	-17.2	-4.2	-3.5	-7.4	.....	.....	.....	.....

1. The estimates under the contribution columns are also percent changes.

Note. Most percent changes are from NIPA table 1.6.7; percent changes for PCE for food and energy goods and services and for PCE excluding food and energy are from NIPA table 2.3.7. Contributions are from NIPA table 1.6.8. GDP, export, and import prices are from NIPA table 1.1.7.

### Note on Prices

BEA's gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services, regardless of whether those goods and services were produced domestically or imported. It is derived from prices of consumer spending, private investment, and government spending.

The GDP price index measures the prices of goods and services produced in the United States, including the prices of goods and services produced for export.

The difference between the gross domestic purchases price index and the GDP price index reflects the differences between imports prices (included in the gross domestic purchases index) and exports prices (included in the GDP price index). For other measures that are affected by import and export prices, see the FAQ "How do the effects of dollar depreciation show up in the GDP accounts?" on BEA's Web site.

Prices of goods and services purchased by U.S. residents, as measured by the price index for gross domestic purchases, increased 0.4 percent in the fourth quarter after increasing 1.3 percent in the third quarter. The slowdown primarily reflected a slowdown in the prices paid for consumer spending.

Within consumer spending, prices paid for goods decreased more in the fourth quarter than in the third quarter, and prices paid for services slowed slightly.

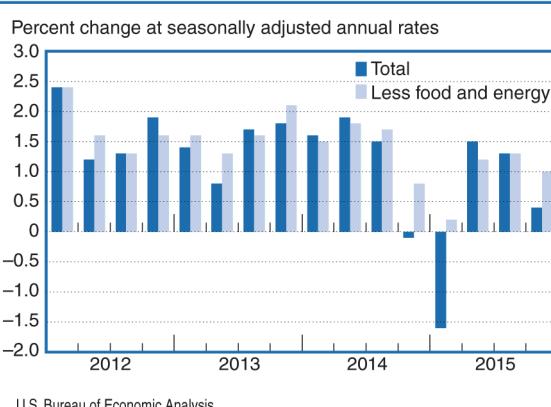
The larger decrease in goods prices reflected a downturn in the prices paid for nondurable goods (mainly from a larger decrease in the prices paid for gasoline and other energy goods) that was partly offset by a smaller decrease in the prices paid for durable goods.

Prices paid for nonresidential fixed investment slowed in the fourth quarter, increasing 0.6 percent after increasing 1.2 percent.

Prices paid for residential fixed investment also slowed, increasing 1.6 percent after increasing 2.6 percent; the slowdown primarily reflected a slowdown in the prices paid for brokers' commissions and "other" ownership transfer costs.

Consumer prices excluding food and energy, a measure of the "core" rate of inflation, slowed, increasing 1.3 percent after increasing 1.4 percent. Energy prices decreased more in the fourth quarter than in the third quarter, and food prices slowed.

### Chart 7. Gross Domestic Purchases Prices



## Revisions

**Table 8. Advance and Second Estimates for the Fourth Quarter of 2015**  
 [Seasonally adjusted at annual rates]

	Change from preceding quarter (percent)			Contribution to percent change in real GDP (percentage points)		
	Advance	Second	Second minus advance	Advance	Second	Second minus advance
<b>Gross domestic product (GDP)<sup>1</sup></b>	<b>0.7</b>	<b>1.0</b>	<b>0.3</b>	<b>0.7</b>	<b>1.0</b>	<b>0.3</b>
<b>Personal consumption expenditures</b>	<b>2.2</b>	<b>2.0</b>	<b>-0.2</b>	<b>1.46</b>	<b>1.38</b>	<b>-0.08</b>
Goods.....	2.4	1.9	-0.5	0.53	0.42	-0.11
Durable goods.....	4.3	3.4	-0.9	0.32	0.25	-0.07
Nondurable goods.....	1.5	1.2	-0.3	0.22	0.17	-0.05
Services.....	2.0	2.1	0.1	0.93	0.96	0.03
<b>Gross private domestic investment</b>	<b>-2.5</b>	<b>-0.7</b>	<b>1.8</b>	<b>-0.41</b>	<b>-0.12</b>	<b>0.29</b>
Fixed investment.....	0.2	0.1	-0.1	0.03	0.02	-0.01
Nonresidential.....	-1.8	-1.9	-0.1	-0.24	-0.24	0.00
Structures.....	-5.3	-6.6	-1.3	-0.15	-0.18	-0.03
Equipment.....	-2.5	-1.8	0.7	-0.15	-0.11	0.04
Intellectual property products.....	1.6	1.3	-0.3	0.07	0.05	-0.02
Residential.....	8.1	8.0	-0.1	0.27	0.26	-0.01
Change in private inventories.....	.....	.....	-0.45	-0.14	0.31	.....
<b>Net exports of goods and services</b>	.....	.....	.....	<b>-0.47</b>	<b>-0.25</b>	<b>0.22</b>
Exports.....	-2.5	-2.7	-0.2	-0.31	-0.34	-0.03
Goods.....	-5.4	-5.8	-0.4	-0.46	-0.49	-0.03
Services.....	3.6	3.7	0.1	0.15	0.15	0.00
Imports.....	1.1	-0.6	-1.7	-0.16	0.09	0.25
Goods.....	0.6	-1.2	-1.8	-0.08	0.15	0.23
Services.....	3.0	2.4	-0.6	-0.08	-0.07	0.01
<b>Government consumption expenditures and gross investment</b>	<b>0.7</b>	<b>-0.1</b>	<b>-0.8</b>	<b>0.12</b>	<b>-0.01</b>	<b>-0.13</b>
Federal.....	2.7	2.2	-0.5	0.18	0.15	-0.03
National defense.....	3.6	2.7	-0.9	0.14	0.11	-0.03
Nondefense.....	1.4	1.5	0.1	0.04	0.04	0.00
State and local.....	-0.6	-1.4	-0.8	-0.06	-0.16	-0.10
<b>Addenda:</b>						
Final sales of domestic product.....	1.2	1.2	0.0	1.14	1.14	0.00
Gross domestic purchases price index.....	0.2	0.4	0.2	.....	.....	.....
GDP price index.....	0.8	0.9	0.1	.....	.....	.....

1. The estimates under the contribution columns are also percent changes.

### Revised Third-Quarter 2015 Income Estimates

With the release of the second estimate of GDP, BEA also releases revised estimates of various income-related measures for the previous quarter. The revision reflected the incorporation of second-quarter tabulations from the quarterly census of employment and wages from the Bureau of Labor Statistics.

Wages and salaries increased \$78.2 billion, a downward revision of \$25.8 billion. Personal current taxes increased \$18.6 billion, a downward revision of \$3.7 billion. Contributions for government social insurance, which is subtracted in calculating personal income, increased \$9.0 billion, a downward revision of \$3.5 billion.

As a result of these revisions,

- Personal income increased \$166.7 billion, a downward revision of \$24.1 billion.
- Disposable personal income increased \$148.1 billion, a downward revision of \$20.4 billion.
- Personal saving increased \$16.4 billion, a downward revision of \$20.4 billion.
- The personal saving rate was 5.0 percent, a downward revision of 0.2 percentage point.

The second estimate of the fourth-quarter increase in real GDP is 0.3 percentage points more than the advance estimate. The upward revision primarily reflected an upward revision to inventory investment and a downward revision to imports that were partly offset by downward revisions to state and local government spending and to consumer spending.

The downward revision to consumer spending was more than accounted for by a downward revision to goods that reflected downward revisions to gasoline and other energy goods, clothing and footwear, and new motor vehicles.

The upward revision to inventory investment was more than accounted for by nonfarm inventory investment. Within nonfarm inventory investment, the upward revision was widespread; the largest contributors were retail trade industries and mining, utilities, and construction industries.

The downward revision to imports was primarily due to a downward revision to goods imports (mainly "other" goods and industrial supplies and materials).

The downward revision to state and local government spending was primarily accounted for by investment in structures.

### Major Source Data for the Second Estimates

*Consumer spending:* retail sales for November and December (revised). Motor vehicle registrations data for December (new). Energy Information Administration data for motor vehicle fuels, lubricants, and fluids for November (new), for retail electricity usage and unit value for November (new), and for natural gas usage and unit value for October (revised) November (new).

*Nonresidential fixed investment:* construction spending (value put in place) for October and November (revised) and December (new). Manufacturers' shipments (M3) of machinery and equipment for November and December (revised). Exports and imports for October and November (revised) and December (new).

*Residential fixed investment:* construction spending (value put in place) for October and November (revised) and for December (new).

*Inventory investment:* manufacturers' inventories for October–December (revised) and trade inventories for October and November (revised) and December (new).

*Exports and imports:* international trade in goods and services for October and November (revised) and December (new).

*Government spending:* state and local construction spending (value put in place) for October and November (revised) and December (new).

*Prices:* BLS consumer price indexes for January 2011 to December 2015 (revised), reflecting updated seasonal adjustment factors.